Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 STATE 096575

12
ORIGIN NEA-03

INFO OCT-01 ISO-00 /004 R

16624
DRAFTED BY:NEA/ARP:FMDICKMAN
APPROVED BY:NEA/ARP:FMDICKMAN
---------- 067878
R 262258Z APR 75
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 096575

FOL SECSTATE 096575 SENT ACTION TEHRAN ABU DHABI ALGIERS BEIRUT
BRASILIA CARACAS DHAHRAN DOHA APRIL 25; REPEATED TO YOU QUOTE

C O N F I D E N T I A L STATE 096575

E.O. 11652: GDS

TAGS: ENRG

SUBJECT4 PRODUCER/CONSUMER PREPCON: ROLE OF INDEXATION

REFERENCE: TEHRAN 3572

1. AS CORRECTLY STATED IN REFTEL, THE PREPCON COLLAPSED
OVER THE FUNDAMENTAL
QUESTION OF WHETHER THE FORMAL
CONFERENCE SHOULD FOCUS ON ENERGY OR GIVE EQUAL TREATMENT
TO OTHER ECONOMIC ISSUES, SUCH AS RAW MATERIALS AND REFORM
OF THE INTERNATIONAL MONETARY SYSTEM. DESPITE INTENSIVE
BARGAINING, THE TWO SIDES COULD NOT COMPROMISE THEIR
DIFFERENCES OVER THIS ISSUE.

2. THE MANNER IN WHICH INDEXATION SHOULD BE TREATED ON
THE AGENDA WAS ONE OF SEVERAL OTHER MAJOR ISSUES THAT WERE
NOT RESOLVED. THE OPEC/LDC GROUP INSISTED ON SPECIFIC
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 096575

AGENDA REFERENCES TO INDEXING OF OIL AND RAW MATERIAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

PRICES AND FIN-
ANCIAL ASSETS. IN ITS FIRST PROPOSED DRAFT
(PARIS 9292), ENERGY AND OTHER RAW MATERIALS WERE INCLUDED
UNDER THE GENERAL "RAW MATERIALS" CATEGORY, WHICH CONTAINED
A SUB-ITEM, "REVALORIZATION AND PROTECTIONOF PURCHASING
POWEROF DEVELOPING COUNTRIES' EXPORT EARNINGS." THE
AGENDA ITEM "FINANCIAL FLOWS: INVESTMENTS IN INDUSTRIAL-
IZED COUNTRIES" CONTAINED A SUB-ITEM, "PROTECTION OF THE
REAL VALUE OF FINANCIAL ASSETS." IN SUBSEQUENT OPEC/LDC

DRAFT AGENDAS; THE LANGUAGE FOR INDEXING FINANCIAL ASSETS
REMAINED UNCHANGED. THE DESCRIPTIVE SECTION FOR THE
ENERGY ITEM CONCLUDED WITH, ".9. INCLUDING THE PROBLEMS
RELATED TO THE PURCHASING POWER OF ENERGY EXPORTS
EARNINGS;" THE SEPARATE RAW MATERIALS ITEM HAD IDENTICAL
LANGUAGE MINUS THE WORD "ENERGY". (AT ONE POINT, THE
HEAD OF THE IRANIAN DELEGATION TOLD MEMBER OF US DELEGA-
TION THAT HE HAD INSTRUCTIONS FROM SHAH THAT "INDEXATION"
AND "INFLATION" HAD TO BE DISCUSSED AT THE CONFERENCE
OR THERE WAS NO USE HOLDING IT; REFERENCE TO INDEXATION
WAS APPARENTLY RELATED TO OIL.)

3. THE US, EC AND JAPANESE DELEGATIONS OBJECTED TO THE
LANGUAGE OF THESE PROPOSED AGENDA ITEMS. WE STRESSED
THAT WE DID NOT OBJECT TO SUCH TOPICS BEING RAISED AT THE
FORMAL CONFERENCE, BUT WE MAINTAINED THAT THE AGENDA
LANGUAGE SHOULD BE NEUTRAL IN TONE AND NOT TRY TO PRE-
DETERMINE ANY CONCLUSION THAT MIGHT BE REACHED. AS AN
ALTERNATIVE, WE PROPOSED THAT THE AGENDA ITEMS ON BOTH
"ENERGY" AND "OTHER RAW MATERIALS" INCLUDE REFERENCE
TO, "ISSUES RELATED TO EXPORT EARNINGS". THIS PROPOSAL
WAS REJECTED BY THE SEVEN. IT IS IMPORTANT TO NOTE IN
THIS REGARD THAT IN THE EYES OF OPEC/LDC REPRESENTA-
TIVES THE AGENDA TENDED TO TAKE ON THE
AURA OF A POLITICAL DOCUMENT, RATHER THAN A DESCRIPTION
OF ITEMS FOR DISCUSSION AT THE CONFERENCE.

4. IN DISCUSSING THE PREPCON WITH GOI OFFICIALS, YOU
SHOULD STRESS OUR CONVICTION THAT THE MEETING WAS
USEFUL. IT PERMITTED ALL PARTICIPANTS TO GAIN GREATER
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 096575

COMPREHENSION OF THE OTHERS' VIEWS, WHICH WILL BE TAKEN
INTO ACCOUNT AS WE ALL REASSESS OUR OWN POSITIONS IN THE
WEEKS AHEAD. WE REMAIN
COMMITTED TO IMPLEMENTING A
PRODUCER/CONSUMER DIALOGUE AND REGARD THE CURRENT RECESS
OF TALKS AS ONLY A TEMPORARY INTERRUPTION.

5. YOU SHOULD REINFORCE THE VIEW THAT THE PREPCON

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

FAILED BECAUSE OF BASIC DIFFERENCES AS TO THE TYPE OF CONFERENCE DESIRED. WE ARE PREPARED TO DEAL WITH ALL ISSUES RAISED BY THE SEVEN IN APPROPRIATE FORA, BUT WE BELIEVE THAT THE PRODUCER/CONSUMER CONFERENCE MUST DEAL PRIMARILY WITH ENERGY AND RELATED ISSUES IF REAL PROGRESS IS TO BE MADE. ON THE ISSUE OF INDEXATION, YOU SHOULD DRAW ON PARA 3 ABOVE, INDICATING THAT WE DO NOT OBJECT TO THIS TOPIC BEING RAISED AT THE CONFERENCE UNDER A GENERAL AGENDAHEADINGSUCH AS"ISSUES RELATED TO EXPORT EARNINGS."

6. YOU COULD CONCLUDE BY STATING THAT, WHILE MULTILATERAL DIALOGUE IS IN THE INTEREST OF ALL, WE WANT TO PRESS FORWARD WITH OUR BILATERAL DIALOGUE WHICH HAS ALREADY DEMONSTRATED ITS ADVANTAGES TO BOTH COUNTRIES.

7. FYI - UNDER SECRETARY ROBINSON DISCUSSED WITH VICE FINANCE MINISTER MEHRAN ON APRIL 23 AN EARLY RESCHEDULING OF ROBINSON'S VISIT TO TEHRAN. END FYI. KISSINGER
UNQUOTE KISSINGER

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, MEETING AGENDA, RAW MATERIALS, MEETINGS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE096575
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/ARP:FMDICKMAN
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750146-0735
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750415/aaaaanzc.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 TEHRAN 3572
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by BoyleJA>; APPROVED <11 SEP 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRODUCER/CONSUMER PREPCON: ROLE OF INDEXATION
TAGS: ENRG, IR
To: TEHRAN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006